

## Message Text

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PAGE 01 SANTIA 04085 112330Z

61

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 PC-10 OMB-01 CIEP-02 EB-11 TRSE-00

COME-00 DRC-01 /140 W

----- 092472

P R 112240Z JUL 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 9356

INFO AMEMBASSY ASUNCION

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY MONTEVIDEO

USCINCSO

C O N F I D E N T I A L SANTIAGO 4085

USCINCSO FOR POLAD

E.O. 11652: GDS

TAGS: CI, PGOV

SUBJECT: NOTHING VERY NEW IN NEW CHILEAN CABINET

REF: SANTIAGO 4037, 4027

1. SUMMARY: NEW GOC CABINET SWORN IN JULY 11 CONTINUES TO BE DOMINATED BY MILITARY OFFICERS, EXCEPT IN ECONOMIC FIELD. NEW MILITARY FACES HAVE EVIDENTLY BEEN SELECTED LESS BECAUSE OF PREVIOUS EXPERIENCE OR APTITUDE THAN BECAUSE OF ACCEPTABILITY TO FORCE COMMANDERS. ACCORDINGLY, WE EXPECT NO GREAT CHANGE IN GOVERNMENT'S PERFORMANCE.

2. SUPPLEMENTING LIST OF MINISTERS ANNOUNCED JULY 10, GOC HAS NOW NAMED RAUL SAEZ, CIVILIAN AND FORMERLY CONFIDENTIAL

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PAGE 02 SANTIA 04085 112330Z

ECONOMIC ADVISER TO THE JUNTA, AS MINISTER FOR ECONOMIC

COORDINATION. SAEZ WILL NOT HEAD UP A NEW MINISTRY, BUT RATHER WILL COORDINATE ECONOMIC POLICY ACTIVITIES OF MINISTRIES OF FINANCE, ECONOMY, MINING, AGRICULTURE, TRANSPORTATION AND THE NATIONAL PLANNING OFFICE (ODEPLAN).

3. TAKEN TOGETHER WITH RETENTION OF FERNANDO LENIZ AS MINISTER OF ECONOMY AND APPOINTMENT OF ABLE CHRISTIAN DEMOCRAT TECHNICIAN JORGE CAUAS AS MINISTER OF FINANCE, THE SAEZ APPOINTMENT ROUNDS OFF GOC TEAM OF TOP ECONOMIC ADMINISTRATORS. ITS FORTIFICATION PORTENDS CONTINUATION OF GOVERNMENT'S CURRENT AUSTERITY POLICY, COUPLED WITH DE-NATIONALIZATION AND ENCOURAGEMENT OF FOREIGN INVESTMENT. WHILE RELATIONSHIP OF ADMIRAL MERINO, JUNTA MEMBER IN CHARGE OF ECONOMIC AFFAIRS, TO NEW APPOINTEES IS NOT ENTIRELY CLEAR, WE THINK THIS ASPECT OF CABINET REORGANIZATION MAY WELL BE ITS MOST IMPORTANT NEW FACTOR.

4. AS FAR AS WE CAN IMMEDIATELY DETERMINE, MILITARY MEN SELECTED FOR OTHER POSTS WERE NOT CHOSEN ON BASIS OF SPECIAL TECHNICAL QUALIFICATIONS OR EXPERIENCE. RATHER, THEY SEEM TO HAVE BEEN SELECTED BECAUSE OF THEIR LOYALTY AND CLOSENESS TO THEIR RESPECTIVE JUNTA MEMBER FORCE COMMANDERS.

5. ONLY MILITARY OFFICER IN FORMER CABINET WHO HAD ESTABLISHED CLAIM TO INDIVIDUAL IMAGE OF POPULARITY, FORMER MININTERIOR BONILLA, NOW MINISTER OF DEFENSE, WILL BE LESS EXPOSED TO PUBLIC NOTICE IN HIS NEW JOB. SOME RIGHT-WING MILITARY OFFICERS SAID TO BE UNHAPPY AT PRESENCE OF BONILLA, AN OFFICER WITH CLOSE TIES WITH CHRISTIAN DEMOCRATIC PARTY, IN INFLUENTIAL DEFENSE MINISTRY. IT SHOULD BE NOTED THAT INTERNAL SECURITY FUNCTIONS FORMERLY EXERCISED BY CHILEAN NATIONAL POLICE FORCE (CARABINEROS) UNDER INTERIOR MINISTRY WERE RECENTLY SHIFTED TO DEFENSE MINISTRY, THUS GIVING BONILLA AUGMENTED SECURITY FUNCTIONS.

6. GOC WILL BENEFIT FROM REMOVAL OF FORMER AGRICULTURAL MINISTER CRESPO ABOUT WHOSE PERFORMANCE

CONFIDENTIAL

PAGE 03 SANTIAGO 04085 112330Z

WE HAVE HEARD MANY COMPLAINTS, AND POSSIBLY FROM REMOVAL OF MINISTER OF MINES YOVANE, WHO TENDED TO EXHIBIT BULL IN CHINA SHOP PROCLIVITIES. ODDS ARE THEIR SUCCESSORS WILL REPRESENT AT LEAST A NEGATIVE GAIN FOR GOC.

7. FATE OF UNDER SECRETARIES AND OTHER SUB-CABINET OFFICERS WHO PRESENTED RESIGNATIONS NOW BEING DECIDED. WE WILL CONTINUE TO MONITOR CHANGES AND REPORT RE EFFECTS.

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## Message Attributes

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